

# Economic Development

TVA makes the Tennessee Valley's economy stronger by building business and community partnerships that bring jobs to our region and keep them here. TVA supports economic growth in the Valley by:

- Delivering reliable, affordable TVA power that makes the Valley an attractive place to start or expand a business.
- Working with Valley communities to help businesses thrive and to bring new jobs to the people of our region.

## **During fiscal year 2005, TVA:**

- Sold more electricity than ever before—more than 171 million megawatt-hours—and met an all time summer peak demand for power of 31,924 megawatts.
- Maintained 99.999 percent transmission reliability for the sixth year in a row, with our best performance ever on “Load Not Served,” a key reliability indicator.
- Kept the average rates for customers in the TVA service area well-below the national average.
- Contributed almost \$2.3 billion to our regional economy through purchases from Valley suppliers.
- Provided \$365 million in tax-equivalent payments to Valley communities for support of local education and other vital needs.
- Completed 350 technical services projects for Valley communities and industries, including economic research and analysis as well as engineering, architectural, and environmental evaluations.
- Invested \$22 million to support the expansion of businesses and industries, helping create or keep more than 57,000 jobs in the region and leveraging investments of \$3.6 billion from other sources.
- Announced the certification of three more Megasites—industrial sites suitable for major automotive manufacturing in the Tennessee Valley region. A total of five Megasites have now been certified: two in Tennessee, two in Mississippi, and one in Kentucky.
- Completed 480 technical services projects for Valley communities and industries, including economic research and analysis engineering, architectural, and environmental evaluations.
- Helped more than 30 cities and counties across the region identify opportunities for economic development and plan for quality growth.

- Delivered to cities across the Valley an assessment of opportunities for attracting and expanding life-science investments in our region.
- Applied the eSynchronist survey tool to identify challenges facing women and minority-owned businesses in the Valley and to refine TVA business programs that address these challenges.
- Unveiled TennesseeProspector.com, a joint Web-based venture with the Tennessee Department of Economic & Community Development for supporting statewide industrial recruitment and economic development.
- Co-sponsored three economic development conferences attended by nearly 1,500 elected officials, community leaders, and economic developers.

# Energy

TVA helps make the Tennessee Valley a better place to live through its work in energy, the environment, and economic development. As the nation's largest public power provider, TVA delivers reliable and affordable electric power that gives businesses and families in the region more opportunity to prosper.

- The TVA power system is one of the most reliable and efficient in the nation, and it pays its own way—receiving no taxpayer dollars.
- TVA has a track record of more than 70 years of service in making life in the Tennessee Valley better for future generations.

TVA is committed to excellence in providing world-class service at the lowest feasible cost.

## **During fiscal year 2005, TVA:**

- Sold more electricity than ever before—more than 171 million megawatt-hours— and equal to about 13 percent of electricity consumed by all U.S. households.
- Set a new all-time system peak demand of 31,924 megawatts; met demands exceeding 29,000 megawatts for eight consecutive days in July; and set new monthly peak records from June to September.
- Maintained 99.999 percent transmission reliability for the sixth year in a row, with the lowest number of “load-not-served” minutes in TVA history, achieving a level 44 percent better than the target for the year.
- Set continuous run records at six TVA fossil units, and TVA's Bull Run Fossil Plant was named by Electric Light & Power magazine as one of the most-efficient coal-fired plants in the nation for the ninth straight year.
- Produced more than 98 million megawatt-hours on the TVA fossil system—the second-highest ever—and reduced unplanned outages and load reductions to the lowest ever recorded for the current system of 59 units.
- Produced almost 16 million megawatt-hours of hydro generation—13 percent above normal—despite less than normal rainfall.
- Achieved the best-ever equipment reliability in TVA Nuclear, where both units at Sequoyah Nuclear Plant achieved the best-possible score for the INPO Index, an overall performance indicator used by all U.S. nuclear plants.

- Continued the recovery of Browns Ferry Unit 1, now three-fourths complete and on schedule to provide 1,280 megawatts of clean, reliable, and affordable power for TVA customers in 2007.
- Took preventive action to minimize the impact of Gulf Coast hurricanes on the TVA power system, allowing TVA to assist storm recovery efforts by other utilities more severely affected in Louisiana, Mississippi, and Texas.

**Also in 2005:**

- Platts Nucleonics Week ranked Browns Ferry and Sequoyah Nuclear Plants first and second in the nation for the lowest operating and maintenance costs between 2002 and 2004. Watts Bar ranked third among single-unit stations.
- NuStart Energy Development LLC selected TVA's Bellefonte site as one of the two best sites in the nation for a new advanced technology nuclear plant.

# Environment

TVA is the nation's largest public power provider and a partner to the Tennessee Valley for progress and change. TVA helps our region thrive and enables residents to enjoy a better quality of life by:

- Managing the the Tennessee River system and other natural resources so the Valley is a cleaner and safer place to live and work.
- Working aggressively to further improve air quality so we can have confidence in the health of the Valley.
- Exploring renewable energy sources so our children and grandchildren can enjoy the benefits of clean and reliable power.

## **During our 2005 fiscal year, TVA:**

- Managed the nation's fifth-largest river system and 293,000 acres of land to provide multiple stewardship benefits that enhance the environmental assets of our region.
- Invested \$202 million in clean-air equipment, continuing a \$5.7 billion investment that already has reduced summer nitrogen oxide (NOx) emissions by 80 percent and that will reduce sulfur dioxide (SO<sub>2</sub>) emissions by 80 to 85 percent.
  - TVA completed two more selective catalytic reduction systems, adding to the 18 SCRs already reducing NOx emissions from TVA fossil units.
  - TVA began construction of a scrubber at Bull Run Fossil Plant and continued work on a scrubber at Paradise Fossil Plant to further reduce SO<sub>2</sub> emissions. TVA expects to add five scrubbers to the six already in operation.
- Expanded its portfolio of clean, renewable energy with the dedication of 15 new wind turbines atop Buffalo Mountain near Oliver Springs, Tenn.
- Received the 2005 Tennessee Environmental Stewardship Award for Excellence, honoring our Green Power Switch® renewable energy initiative.
- Continued adding to the more than \$5.8 billion in total estimated flood damage averted since the creation of the TVA reservoir system.
- Certified the 53rd "Clean Marina" in the Tennessee Valley, recognizing excellence in protecting water quality around recreational boating.
- Installed additional aeration equipment to maintain beneficial dissolved oxygen levels in waters downstream from 16 TVA dams.
- Helped 8,100 volunteers remove more than 300 tons of trash and debris from Valley parks, roads, and waterways.

- Supported community-based coalitions to improve water quality at 40 locations in the Valley.
- Worked with a diverse mix of partners, including conservation organizations, lake user groups, civic organizations, and scout troops to improve wildlife habitat, build hiking trails, and provide other stewardship enhancements for the public.
- Partnered with 150 volunteer anglers to survey sport fish populations on 13 reservoirs.

# TVA Achievements in 2005

Fiscal year 2005 was a year of notable achievements for TVA in the areas of energy, the environment, and economic development.

## **During 2005, TVA:**

- Set a new all-time system peak demand of 31,924 megawatts; met demands exceeding 29,000 megawatts for eight consecutive days in July; and set new monthly peak records from June to September.
- Recorded total revenues of \$7.8 billion in 2005 - its highest level ever.
- Reduced total financing obligations by \$301 million
- Reduced interest and similar expense on total financing obligations to less than 18 percent of total revenues – the lowest level in more than 20 years.
- Purchased \$2.3 billion in fuel, goods, and services from Valley suppliers.
- Provided \$365 million in tax-equivalent payments to Valley communities. TVA has made a total of almost \$1.7 billion in tax-equivalent payments over the last five years.
- Helped create or keep more than 57,000 jobs in the region and leveraged investments of \$3.6 billion from other sources.
- Continued the recovery of Browns Ferry Unit 1 on schedule and on budget to provide 1,280 megawatts of clean, reliable, and affordable power in 2007.

## **Also during 2005**

- The TVA Board named Tom Kilgore, former president and chief executive officer of Progress Energy Ventures, as TVA's president and chief operating officer.
- Employee and retiree donations, matched dollar-for-dollar by TVA, contributed more than half a million dollars to hurricane relief efforts in the Gulf Coast region.
- The average retail rate for electricity in the TVA service area was well-below the national average.

## **Energy**

- Sold more electricity than ever before—more than 171 million megawatt-hours—and equal to about 13 percent of electricity consumed by all U.S. households.
- Maintained 99.999 percent transmission reliability for the sixth year in a row and earned recognition as an “Example of Excellence” by the North American Electric Reliability Council.

- Set continuous run records at six TVA fossil units
- Reduced unplanned outages and load reductions on TVA's fossil units to the lowest ever recorded for the current system of 59 units.
- Achieved the best-ever equipment reliability in TVA Nuclear, where both units at Sequoyah Nuclear Plant achieved the best-possible score for the INPO Index, an overall performance indicator used by all U.S. nuclear plants.
- Produced 13 percent more hydropower than normal—despite less than normal rainfall.

### **Environment**

- Continued work associated with our \$5.7 billion investment in cleaner air that has reduced our summer emissions of nitrogen oxide (NO<sub>x</sub>) by 80 percent and will reduce our sulfur dioxide (SO<sub>2</sub>) emissions by 80 to 85 percent.
- Expanded our portfolio of clean, renewable energy with the dedication of 15 new wind turbines atop Buffalo Mountain near Oliver Springs, Tenn.
- Received the 2005 Tennessee Environmental Stewardship Award for Excellence, honoring our Green Power Switch® renewable energy initiative.
- Certified the 53rd “Clean Marina” in the Tennessee Valley, recognizing excellence in protecting water quality around recreational boating.
- Installed additional aeration equipment to maintain beneficial dissolved oxygen levels in waters downstream from 16 TVA dams.

### **Economic development**

- Announced the certification of three more Megasites—industrial sites suitable for major automotive manufacturing in the Tennessee Valley region. A total of five Megasites have now been certified: two in Tennessee, two in Mississippi, and one in Kentucky.
- Completed 480 technical services projects for Valley communities and industries, including economic research and analysis engineering, architectural, and environmental evaluations.
- Helped more than 30 cities and counties across the region identify opportunities for economic development and plan for quality growth.
- Delivered to cities across the Valley an assessment of opportunities for attracting and expanding life-science investments in our region.
- Applied the eSynchronist survey tool to identify challenges facing women- and minority-owned businesses in the Valley and to refine TVA business programs that address these challenges.
- Unveiled TennesseeProspector.com, a joint Web-based venture with the Tennessee Department of Economic & Community Development for supporting statewide industrial recruitment and economic development.



# TVA and Your Community

TVA is the nation's largest public power company. More than that, we strive to be a good corporate citizen committed to improving the quality of life in our region. Our dedication to this goal is demonstrated through our contributions to community partnerships, education, health and human services, arts and culture, and the environment. In these and other areas throughout 2005, TVA and its employees volunteered more than 20,000 hours of their time and donated almost \$500 million in cash, supplies, and in-kind services.

## **Contributions to community partnerships**

- Invested about \$22 million to help create or keep 57,000 jobs in our region and leveraged \$3.6 billion in funding from other sources.
- Made \$365 million in tax-equivalent payments to support local school systems and other community needs.
- Purchased \$2.3 billion worth of fuel, goods, and services from Valley businesses.

## **Contributions to education**

- Supported 52 member schools of our Partners in Education network.
- Donated computers and other surplus equipment and supplies valued at almost \$135,000.
- Awarded \$60,000 in grants to 12 community and technical colleges.
- Underwrote \$75,000 in prizes to 25 colleges and universities whose students compete in TVA's annual portfolio management competition.
- Provided TVAkids.com, an educational Web site for children and teachers.
- Taught computer-assisted drawing and personal computer skills to more than 4,500 high school students, enhancing their job opportunities and expanding the pool of well-trained technicians for employers.

## **Contributions to health and human services**

- TVA employees donated more than \$3.5 million to charitable organizations who receive support from the Combined Federal Campaign.
- Gave nearly \$500,000 and additional donations of supplies and materials to support relief efforts in Iraq, Indonesia, and the Gulf Coast.
- Volunteered thousands of hours to support CFC Days of Caring, Habitat for Humanity house raisings, holiday food and toy drives, and disaster recovery efforts in Louisiana and Mississippi.

**Contributions to arts and culture**

- Provided more than \$110,000 in cash and in-kind services to promote the arts and cultural activities in our region.
- Shared enthusiastic volunteers from Team TVA to support community-based activities such as Riverbend and Memphis in May.
- Hosted regional exhibitions for artisans, from quilt makers at the Dogwood Arts Festival to exhibitors at the Shoals African Heritage Festival.

**Contributions to the environment**

- Continued work associated with our \$5.7 billion investment in cleaner air, deploying a variety of technologies to reduce emissions from our coal-fired generating plants.
- Certified the 53rd marina whose boaters helped meet the water quality and waste-management standards of TVA's Clean Marina program.
- Helped 8,100 volunteers remove more than 300 tons of trash from Valley parks, roads, and waterways.
- Supported community coalitions to improve water quality at 40 locations.
- Partnered with many diverse groups to improve wildlife habitat, add hiking trails, and provide other stewardship enhancements for Valley communities, including surveys of sport fish populations on 13 reservoirs.
- Worked with the Regional Resource Stewardship Council to obtain stakeholder advice on TVA's environmental stewardship responsibilities.